

DELTA SECURES IDEMITSU AS STRATEGIC INVESTOR

Highlights

- Idemitsu Australia invests ~\$46.4 million in Delta at an issue price of \$0.7075 per share, increasing its shareholding to 15% of the issued capital of the Company
- The Placement Price represents a 7.5% premium to the 10 day VWAP, and a 8.0% premium to the most recent closing price on 13 June 2023
- Idemitsu Australia will have the right to nominate a director to the Board and a right to participate in any proposed future equity offers
- Delta and Idemitsu Australia have agreed to negotiate and enter into a strategic cooperation agreement in relation to various commercial opportunities to leverage Idemitsu's substantial financial and technical capabilities and maximise the value of the Mt Ida and Yinnetharra lithium projects through key Australian, Japanese and international relationships
- Upon completion of the Strategic Placement, the Company will have cash at bank of ~\$90 million to continue advancing its Mt Ida and Yinnetharra lithium projects

Delta Lithium Limited (ASX:DLI) (Delta or the Company) is pleased to advise that it has completed a strategic placement with Idemitsu Mt Ida Pty Ltd (**Idemitsu Australia**), a wholly owned subsidiary of Idemitsu Kosan Co.Ltd (**Idemitsu**) a Japanese conglomerate with a market capitalisation of ~\$9 billion. Idemitsu Australia and Delta have entered into a Subscription Agreement, whereby Idemitsu has acquired 65,636,000 fully paid ordinary shares in Delta (**New Shares**) at an issue price \$0.7075 per New Share (**Placement Price**) to raise ~\$46.4 million (**Strategic Placement**).

The Placement Price represents a 7.5% premium to the 10 day volume weighted average price, and a 8.0% premium to the closing price. Proceeds from the Strategic Placement will be used to advance both the Mt Ida and Yinnetharra lithium projects. The 65,636,000 New Shares will be issued utilising the Company's existing 15% placement capacity under ASX Listing Rule 7.1 (currently up to 68,240,624 new securities). Idemitsu Australia has agreed to an 18 month voluntary escrow on all shares beneficially held (subject to certain release events occurring).

The parties have also agreed to negotiate and enter into a Strategic Cooperation Agreement allowing Delta to benefit from Idemitsu's substantial financial and technical capability and maximise the value of the Mt Ida and Yinnetharra lithium projects through key Australian, Japanese and international relationships.

Use of Proceeds

Proceeds raised from the Strategic Placement will be used for the following purposes:

- the progression of exploration and resource drilling at the Yinnetharra Lithium Project;
- camp upgrades and road diversions at the Mt Ida Lithium Project;
- feasibility studies at the Yinnetharra Lithium Project and the Mt Ida Lithium Project;
- 'early works' capital and development costs associated with potential direct shipping ore and future lithium concentrates operations at the Mt Ida Lithium Project; and
- any other activity deemed appropriate by the Board as consistent with the Company's existing strategy

Delta's Executive Chairman, David Flanagan commented:

"Idemitsu is a global scale diversified conglomerate with significant financial capacity and capabilities in lithium battery technologies, mining, chemical engineering, commodity trading, shipping, construction and advanced manufacturing. Idemitsu is dedicated to use it's market position to substantially reduce global carbon emissions.

Through it's 112 year history in delivery of various lubricant and chemical products into the petroleum and transport industry, Idemitsu has developed key trusted supply relationships with selected vehicle manufacturers world wide. Delta welcomes Idemitsu as an important business partner as we work together in every aspect to accelerate the development of a globally important critical minerals business.

This is a huge boost in our ability to fund the development of the Mt Ida and Yinnetharra lithium projects."

Idemitsu's CEO, Steve Kovac commented:

"We very much look forward to working with the team at Delta as they develop what we think are the most exciting pre-development lithium projects in Australia. This is an important time for the world as we all look to responsibly engage with communities and wind back carbon emissions world wide. We think Delta presents an important step in making a difference and also delivering good returns for all shareholders.

Idemitsu's second major investment in Delta Lithium is another exciting move as we double down on our strategic investments in critical minerals as the world turns to a more advanced renewable future."

Investment Agreement and a Change of Control Undertaking

In addition to the subscription agreement, the parties have also entered into an Investment Agreement and a Change of Control Undertaking in relation to:

- Idemitsu Australia's right to nominate a director the the Board and to be given notice of a proposed equity issuance; and
- the requirement for Idemitsu Australia to accept or reject, and to vote in favour of or against a change of control transaction in accordance with the recommendation of the majority of the Board.

Refer to Appendix 1 for a summary of the Subscription Agreement, Investment Agreement and Change of Control Undertaking.

About Idemitsu

Idemitsu Kosan Co., Ltd was founded in Japan in 1911 and since this time it has grown to be one of the nation's largest diversified industrial corporations. Idemitsu maintains five business units: Petroleum, Basic Chemicals, Functional Materials, Power & Renewable Energy and Resources. Idemitsu is focused on serving the global community to achieve carbon neutrality by 2050.

Idemitsu has been active in the Australian resource sector since 1978, predominantly focused on coal operations in Queensland and New South Wales. In recent times the company has moved it's focus to developing critical minerals assets and battery technologies capable of contributing to large scale decarbonisation strategies. This has included investments in Vecco Group Pty Ltd, Critical Minerals Group Ltd and an initial investment in Delta in early 2023.

Salient Corporate acted as Corporate Adviser and Thomson Geer acted as Legal Adviser to Delta Lithium and KPMG Corporate Finance acted as Financial Adviser to Idemitsu Australia in relation to the Strategic Placement.

This release is authorised by the Board of Delta Lithium Limited.

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About Delta Lithium

Delta Lithium (ASX: DLI) is an exploration and development company focused on bringing high-quality, lithium-bearing pegmatite deposits, located in Western Australia, into production. With a strong balance sheet and an experienced team driving the exploration and development workstreams, Delta Lithium is rapidly advancing its Mt Ida Lithium Project towards production. The Mt Ida Lithium Project holds a critical advantage over other lithium developers with existing Mining Leases and heritage agreements in place. To capitalise on the prevailing buoyant lithium market, Delta Lithium is pursuing a rapid development pathway to unlock maximum value for shareholders.

Delta Lithium also holds the highly prospective Yinnetharra Lithium Project that is already showing signs of becoming one of Australia's most exciting lithium regions. The Company is currently undergoing an extensive 400 drill hole campaign to be completed throughout 2023.

Disclaimer

This release may include forward-looking and aspirational statements. These statements are based on Delta Lithium management's expectations and beliefs concerning future events as of the time of the release of this announcement. Forward-looking and aspirational statements are necessarily subject to risks, uncertainties and other factors, some of which are outside the control of Delta Lithium, that could cause actual results to differ materially from such statements. Delta Lithium makes no undertaking to subsequently update or revise the forward looking or aspirational statements made in this release to reflect events or circumstances after the date of this release, except as required by applicable laws and the ASX Listing Rules.

Appendix 1 - Summary of Agreements

Agreement	Summary
Change of Control Undertaking	<p>Idemitsu Australia acknowledges and agrees that during the Restriction Period, if:</p> <ul style="list-style-type: none"> the Company receives a Change of Control Offer; Idemitsu does not provide the Company with its own competing Change of Control Offer which is a Superior Proposal; and an independent expert (if one has been engaged as part of the Change of Control Offer) opines that the Change of Control Offer is in the best interests of Shareholders <p>it will accept or reject or vote in favour of or against (as appropriate) (or it will appoint the chairperson of the Company as its proxy and direct the chairperson to accept or reject or vote in favour of or against (as appropriate)) such Change of Control Offer in respect of the New Shares and any other shares it has a relevant interest in, in accordance with the recommendation of the majority of the Board and the ASX Listing Rules and all applicable laws as follows:</p> <ul style="list-style-type: none"> in respect of a scheme of arrangement, two (2) business days prior to the proxy cut-off date for the scheme meeting (or the date of any adjourned scheme meeting), noting that nothing in this clause prevents Idemitsu voting in accordance with the Board's recommendation at the scheme meeting; and in respect of a takeover bid recommended by the majority of the Board, on the earlier of: <ul style="list-style-type: none"> the closing date for acceptance of the takeover bid; or the date on which all conditions to the takeover bid have been satisfied, or if the only condition outstanding (other than any of the conditions referred to in section 652C of the Corporations Act) is the minimum acceptance conditions, the date on which the minimum acceptance threshold has been reached as if the Restricted Shares have been accepted into the takeover bid for the purposes of any minimum acceptance condition. <p>In this deed:</p> <p>Change of Control Offer means any proposal, agreement, arrangement or transaction (or expression of interest therefor), which, if entered into or completed, would result in a third party (whether alone or together with any associate):</p> <ul style="list-style-type: none"> directly or indirectly acquiring a relevant interest in, or having a right to acquire, a legal, beneficial or economic interest in, or control of, 50% or more of the shares; acquiring control of the Company; otherwise directly or indirectly acquiring or merging, or being involved in an amalgamation or reconstruction (as those terms are defined in section 413(1) of the Corporations Act) with the Company, <p>whether by way of takeover bid, members' or creditors' scheme of arrangement, shareholder approved acquisition, capital reduction, buy-back, sale or purchase of shares, other securities or assets, assignment of assets and liabilities, incorporated or unincorporated joint venture, dual-listed company (or other synthetic merger), deed of company arrangement, any debt for equity arrangement or other transaction or arrangement.</p> <p>Restriction Period means the period commencing on completion of the Strategic Placement and ending on the earlier to occur of:</p> <ul style="list-style-type: none"> the date that is three years from completion of the Strategic Placement; or

	<ul style="list-style-type: none"> the date on which the current executive chairperson, Mr David Flanagan, ceases to be the executive chairperson of the Company, except where the Company has received Idemitsu Australia's prior written consent to Mr David Flanagan ceasing to be the executive chairperson of the Company (in its absolute discretion). <p>Superior Proposal means a genuine Change of Control Offer, which the Board, acting in good faith, and after taking advice from its outside legal adviser and financial adviser, determines is:</p> <ul style="list-style-type: none"> reasonably likely to be completed on a reasonable timeline; and more favourable to shareholders than the initial Change of Control Offer.
Subscription Agreement	<p>Idemitsu has agreed to subscribe for, and the Company has agreed to issue, 65,636,000 fully paid ordinary shares in the Company at an issue price of \$0.7075 per share to raise \$46,437,470.00.</p> <p>Completion of the Strategic Placement will occur on a date agreed by the parties but no later than three (3) business days after 13 June 2023.</p> <p>The New Shares will rank pari passu with all other fully paid ordinary shares on issue in the Company.</p> <p>For the period commencing on completion of the Strategic Placement and ending on the date which is 18 months from completion of the Strategic Placement, Idemitsu has agreed not to dispose of the New Shares and any other shares it has a relevant interest in, unless:</p> <ul style="list-style-type: none"> it has received prior written consent of the Company; a material adverse change has occurred; a takeover bid is announced, is recommended by the Board, holders of not less than 50% of the shares have accepted the takeover bid and the takeover bid is unconditional; it is pursuant to a scheme of arrangement; it is pursuant to an equal access share buyback, capital return or capital reduction; or it is to a related body corporate who undertakes to be bound by the escrow restrictions. <p>The Company and Idemitsu Australia have given representations and warranties considered standard for an agreement of this nature.</p>
Investment Agreement	<p>Pursuant to the investment agreement, the Company and Idemitsu Australia have agreed to grant the following rights to Idemitsu Australia:</p> <ul style="list-style-type: none"> Subject to the ASX Listing Rules, for the period commencing on completion of the Strategic Placement and ending on the earlier to occur of: <ul style="list-style-type: none"> the date which is three years from completion of the Strategic Placement; or the date on which Idemitsu Australia's voting power in the Company is less than 10%, <p>if the Company proposes, directly or indirectly, to undertake an issue of fully paid ordinary shares for cash consideration (Equity Offer) the Company will provide Idemitsu Australia with a right to consult with the Company in respect of the Equity Offer and a reasonable opportunity to participate in the Equity Offer on terms no less favourable than other investors.</p> For the period commencing on completion of the Strategic Placement and ending on the occurrence of any of the following: <ul style="list-style-type: none"> Idemitsu Australia or any of its associates directly causes or allows its voting power in the Company to reduce below 10%:

	<ul style="list-style-type: none">▪ by disposing of fully paid ordinary shares; or▪ following an Equity Offer, where Idemitsu Australia does not provide notice to participate in an Equity Offer; or<ul style="list-style-type: none">○ Idemitsu Australia's voting power in the Company is less than 10% for a continuous period of 12 months, <p>Idemitsu Australia will have the right to appoint one person as a non-executive director of the Company who must also be an employee or officer of Idemitsu Australia.</p>
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